

CITY OF CONNELL
Franklin County, Washington
January 1, 1992 Through December 31, 1993

Schedule Of Findings

1. Cash Handling Procedures Should Be Improved

Segregation of duties among City of Connell employees receipting cash are inadequate. The city collects city revenue and electric utility revenue for Franklin County PUD. The city finance director, city clerk, and cashier all accept payments and make change from the PUD cash drawer and the city cash drawer. The drawers are balanced the following morning by the cashier and taken to the bank for deposit. The supporting documentation is turned over to the finance director.

This lack of segregation of duties does not reduce, to a relatively low risk, the possibility of error or irregularities occurring and not being detected in a timely fashion. Further, any discrepancies could not be isolated to one individual.

There is only one cashier. When she is absent, on break, or out to lunch, the other people in the office have to perform the cashier function. The new computer system is not currently set up to accommodate more than one cash drawer.

We recommend each person cashiering be required to work out of a separate, locked cash drawer, balance the drawer, and deposit the cash to the bank. An alternative to actually making the deposit would be to seal the cash, checks, and deposit slip in a tamper-proof pouch which could then be grouped with other pouches for transport to the bank. We further recommend modifications to the new computer system to provide password protected access to three cash drawers with appropriate, independent balancing routines.

2. Public Funds Collected By Public Officials Should Be Deposited With The City Treasurer

The city authorized the police department to open a checking account and to solicit donations for the Drug Awareness Resistance Education (DARE) program. In addition, the DARE program purchases, through this checking account, various T-shirts, ball caps, etc., with the DARE logo, sells these items to students and the public, and deposits the money in the DARE checking account.

RCW 43.09.240 states in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer

Not depositing public funds with the city treasurer is a violation of RCW 43.09.240. Further, receiving and expending funds, other than through the normal city system, creates an internal control weakness whereby the risk is not reduced to a relatively low level that errors or irregularities could occur without timely detection. Additionally, these revenues and expenditures bypass the city budgeting process.

The city council was not aware that it was not appropriate to establish a separate DARE checking account when it authorized the operation of a DARE program.

We recommend all public funds collected, by officers or employees of the city, be deposited with the city treasurer in a timely fashion. We also recommend the DARE checking account be closed by writing a check to the city treasurer. We further recommend all DARE expenditures go through the normal city purchasing system and budget procedures. We additionally recommend establishment of a control system over significant DARE merchandise inventory.

3. Public Records Should Be Retained In Accordance With The State Archivist's Guidelines Or An Approved City Plan

The City of Connell was unable to provide us with the water production records showing how much water the city wells generated during the audit period.

RCW 40.14.070 states in part:

Except as otherwise provided by law, no public records shall be destroyed . . . unless:

- (1) The records are six or more years old;
- (2) The department of origin of the records has made a satisfactory showing to the state records committee that the retention of the records for a minimum of six years is both unnecessary and uneconomical . . . or
- (3) The originals of official public records less than six years old have been copied or reproduced by . . . process approved by the state archivist which accurately reproduces or forms a durable medium for so reproducing the original.

Not properly retaining and protecting public records is contrary to the requirements of RCW 40.14.070. Further, the city is denied the historical data which may be of value in monitoring production, identifying line leaks, or reporting data to interested agencies.

The public works director responsible for the records no longer works for the city. Therefore, we were unable to determine why the records were not retained.

We recommend the city follow their records retention policy. We also recommend this policy be communicated to all applicable officers and employees to assure the preservation of public records.